

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators
China Post Group – United States Postal Service
Multi-Product Bilateral Agreement (MC2010-34)
Negotiated Service Agreement

Docket No. CP2013-23

NOTICE AND ORDER CONCERNING
ADDITIONAL INBOUND COMPETITIVE MULTI-SERVICE
AGREEMENTS WITH FOREIGN POSTAL OPERATORS 1
NEGOTIATED SERVICE AGREEMENT (WITH CHINA POST)

(Issued November 30, 2012)

I. INTRODUCTION

On November 30, 2012, the Postal Service filed a notice, pursuant to 39 CFR 3015.5, stating that it has entered into an additional negotiated service agreement with

foreign postal operator China Post (Agreement).¹ The Agreement is a successor to the existing China Post 2011 Agreement, which will expire December 31, 2012.²

The Postal Service seeks to have the inbound portion of the Agreement, which concerns delivery of inbound Air CP3, Surface CP, and Express Mail Service, included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product on the competitive product list. Notice at 1.

II. CONTENTS OF FILING

The Postal Service's filing consists of the Notice, an Excel file containing redacted financial workpapers, and four attachments. Attachment 1 is a redacted copy of the Agreement. Attachment 2 is the certified statement required by 39 CFR 3015.5(c)(2). Attachment 3 is a redacted copy of the Governors' Decision No. 10-3. Attachment 4 is an application for non-public treatment of unredacted material. *Id.* at 3. The Agreement's intended effective date is January 1, 2013. *Id.* at 4. The term is for one year after the effective date, unless terminated earlier. *Id.*

The Postal Service reviews the regulatory history of the Inbound Competitive Multi-Service Agreements with Foreign Operators 1 product and identifies the TNT Agreement (approved in Docket No. CP2010-95) as the baseline agreement for purposes of determining the functional equivalence of the instant Agreement.⁴ *Id.* at 1—3. It asserts that the Agreement fits within applicable Mail Classification Schedule language and addresses functional equivalency with the baseline agreement, including

¹ Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator, November 30, 2012 (Notice).

² See Docket No. CP2011-68, Order No. 859, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, September 16, 2011.

³ "CP" is an abbreviation used to identify or reference international parcel post (from the French phrase *colis postaux*, "postal package").

⁴ The Postal Service identifies Governors' Decision No. 10-3 as the enabling Governors' Decision. *Id.* at 1-2. The TNT Agreement's status as the baseline agreement was confirmed in Order No. 840, September 7, 2011.

similarity of cost characteristics. *Id.* at 5. The Postal Service also identifies differences between the two contracts, such as revisions to existing articles and the addition of new annexes, but asserts that these differences do not detract from a finding of functional equivalency. *Id.* at 5-8.

The Agreement also includes rates for a yet-to-be-launched inbound product. *Id.* Annex 1 n.3. Prior to launching the product, the parties to the Agreement must enter into a written modification to the Agreement, subject to approval from various entities, including the Commission. *Id.* at 4 n.8.

Rates under the instant Agreement are intended to become effective on January 1, 2013. *Id.* at 2-3. They are to remain in effect for 1 year after the effective date of the agreement, unless terminated earlier. *Id.* at 4.

III. COMMISSION ACTION

Notice of establishment of docket. The Commission establishes Docket No. CP2013-23 for consideration of matters raised by the Notice. The Commission appoints Allison J. Levy to serve as Public Representative in this docket.

Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3632 and 3633 and the requirements of 39 CFR part 3015. Comments are due no later than December 12, 2012. The public portions of this filing can be accessed via the Commission's website (<http://www.prc.gov>). Information on obtaining access to sealed material appears in 39 CFR part 3007.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2013-23 for consideration of matters raised by the Postal Service's Notice.

2. Pursuant to 39 U.S.C. 505, Allison J. Levy is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments by interested persons in this proceeding are due no later than December 12, 2012.
4. The Secretary shall arrange for publication of this Order in the Federal Register

By the Commission.

Ruth Ann Abrams
Acting Secretary